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RHMCSUU/FBI WASHINGTON DC 0000
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E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [NL](#)
SUBJECT: BLUE LANTERN LEVEL 2: PRE-LICENSE END-USE CHECK
ON APPLICATION 610001190

REF: BLUE LANTERN GUIDEBOOK 2006

¶1. (U) This is an Action Request. See paragraphs 2-6.

¶2. (U) The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests post's assistance in conducting a pre-license check on application 610001190 for the re-transfer of M113 armored vehicle parts from the Netherlands to Colombia. Post is requested to complete this Blue Lantern check within 30 days. Lack of response to a Blue Lantern check will affect pending and future applications involving parties to this license.

¶3. (SBU) Reason for request: possible unauthorized possession of United States Munitions List (USML) items and an improper re-transfer request by an unfamiliar foreign consignee/end-user whose bona fides have never been verified by a Blue Lantern check. U.S. applicant International Parts Supply Corporation submitted to the Department a Form DSP-61 to request the temporary import of M113 armored vehicle parts from private company Reomie in the Netherlands. International Parts Supply Corp. also seeks to then permanently export the components from the U.S. -- without modifying them in any way -- to private company IMCOA Importadora y Comercializadora in Colombia for upgrading M113A1 vehicles to M113A2 vehicles for the Colombian Army. These two transactions normally would require two separate authorizations: one for a permanent (vice temporary) import, which would be subject to U.S. import tariffs, and another authorization for a permanent export authorized via a Form DSP-5.

¶4. (SBU) Besides these procedural improprieties, PM/DTCC has significant concerns about this proposed transaction, which appears to indicate a larger pattern of potential violations of the International Traffic in Arms Regulations (ITAR) by both Reomie and International Parts Supply Corporation. During the last several years, Reomie has been listed as the foreign consignee on more than a dozen DSP-61 and DSP-5 applications that have requested the export and re-transfer of parts for M113 and other types of armored vehicles to and from the Netherlands and several other third countries. (COMMENT: Re-transfer requests are normally submitted and authorized via a general correspondence (GC), not via a Form DSP-61. END COMMENT.)

¶5. (SBU) These DSP-61 and DSP-5 licenses and this DSP-61 application (610001190) suggest that Reomie may be stockpiling USML defense articles and/or have improper

procurement, accountability, and re-transfer procedures.
(COMMENT: In order to stockpile USML items, a company must be party to an authorized warehousing and distribution agreement. Reomie does not appear to have received such authorization. END COMMENT.) Normally, re-transfer requests are made by the foreign end-user, not the foreign consignee. A request made by a foreign consignee suggests that the defense articles never reached the end-user indicated on the license. Furthermore, according to PM/DDTC's records, International Parts Supply Corp. has submitted dozens of improper requests via DSP-61s to re-transfer USML items from Reomie and other private companies to third countries. Although PM/DDTC mistakenly authorized many of these re-transfers, we hope this Blue Lantern check will help identify and correct this improper practice.

16. (SBU) Post should make appropriate inquiries to verify the bona fides of Reomie; to determine how the firm acquired the USML items listed on this application; to assess the firm's procurement, inventory, and re-transfer procedures; to determine why this re-transfer request is being made by Reomie, the foreign consignee, via a Form DSP-61 rather than by the end-user via a GC; and finally, to assess the firm's understanding of the ITAR and restrictions placed on USML items. The following questions are provided as suggested guidance:

--How did the company acquire the items listed on this application?

--How did this proposed transaction come about?

--Were the items in fact manufactured by FMC Corporation of San Jose, California, as stated on the license application?

--If the items are of U.S. origin, under what authorization(s) were the items exported from the U.S. and who were the authorized foreign consignee(s), end-user(s), and end-use(s)?

--What companies and individuals have had access to these items?

--Where have the items been stored and where are they currently stored? Are these facilities secure?

--Reomie has been listed as the foreign consignee or foreign intermediate consignee on several export licenses and re-transfer authorizations involving M113 parts and other USML items. Are the company's record-keeping procedures adequate to track all these transactions and keep them separate?

--Does Reomie maintain stocks of M113 parts and/or other USML items? How does Reomie acquire these items? To whom does it sell the items? What authorization(s) does it receive in order to acquire, store, and/or re-transfer such items?

--When was Reomie established and who are its principals?

--What is the nature of its business -- what types of items does it handle, does it serve as a broker?

--What types of organizations are among its typical customers and where are the customers located? Does the company have an established customer base?

--Does the company understand the restrictions on United States Munitions List (USML) items, especially the prohibition against unauthorized re-transfers and re-exports?

17. (U) Department requests that post conduct a site visit to the company in order to provide Department with an assessment of its business operations and on-site security. If a site visit is not possible, please inform PM/DTCC case officer. Finally, post is asked to assess whether the company appears to be a reliable recipient of USML items. End action.

18. (SBU) For background, the following details of the license in question are provided:

DTC Case: 610001190

QUANTITY/COMMODITY:

23 Cooling System Kit P/N 12253697 NSN 2930-01-075-4978.
Parts used on M113A2 armored personnel carriers
23 External Fuel Tank P/N 12268866 Parts used on M113A2
armored personnel carriers

License Value: USD 142,600.00

SELLER:

International Parts Supply Corp.
7220 Ohms Lane
Minneapolis, MN 55439
Company contact: Dan Everson, tel.: 952-832-0707

FOREIGN OWNER/END-USER IN COUNTRY FROM WHICH SHIPPED:

REOMIE
Erlecomsedam 34
NL-6576 JW Ooij
Netherlands

MANUFACTURER OF COMMODITY:

FMC Corporation
1125 Coleman Ave.
San Jose, CA 95110
USA

FOREIGN CONSIGNOR IN COUNTRY FROM WHICH SHIPPED:

Same as Foreign Owner/End-User

U.S. INTERMEDIATE CONSIGNEE:

International Parts Supply Corp.
7220 Ohms Lane
Minneapolis, MN 55439

FOREIGN CONSIGNEE IN COUNTRY OF ULTIMATE DESTINATION:

IMCOA - Importadora y Comercializadora
Avenida Sexta No. 29-05
Bogota
Colombia

PURPOSE:

For transshipment to Colombia for ultimate use on Colombian Army vehicles. Parts will be used for upgrading and repair of M113A1 vehicles to M113A2 vehicles.

19. (U) Submitted in support of the license application were the following documents (PM/DTCC can fax documentation to post upon request):

--Unnumbered purchase order from Imcoa to International Parts Supply Corp, signed by Carlos Arturo Rojas Beltran., General Manager, Imcoa Ltda., and by Ken Everson, President, International Parts Supply, dated 31 July 2007

110. (U) Please slug reply for PM/DTCC - BLUE LANTERN COORDINATOR and include the words "Blue Lantern" and the case number in the subject line. POC is Judd Stitzziel, PM/DTCC, Phone: 202-663-3455; email: StitzzielJD@state.gov; SIPRNET: StitzzielJD@state.sgov.gov. The Blue Lantern Guidebook (ref) is available as a PDF file in the Bunche Library's Electronic Library collection on the DOS Intranet:
[http://virtuallibrary.state.gov/BlueLanternGuidebook2006%2520final .pdf](http://virtuallibrary.state.gov/BlueLanternGuidebook2006%2520final.pdf)

111. (U) Department is grateful for post's assistance in this

matter.
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